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# Department of Defense INSTRUCTION

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July 26, 1989  
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SUBJECT: Procedures Governing Credit Unions on DoD Installations

- References:
- (a) DoD Instruction 1000.10, subject as above, February 3, 1986 (hereby canceled)
  - (b) DoD Directive 1000.11, "Financial Institutions on DoD Installations," July 26, 1989
  - (c) DoD Directive 5500.7, "Standards of Conduct," May 6, 1987
  - (d) DoD Directive 1327.5, "Leave and Liberty," September 24, 1985
  - (e) through (z), see enclosure 1

## A. REISSUANCE AND PURPOSE

This Instruction reissues reference (a) and provides procedural guidance to supplement reference (b) concerning relations with credit unions serving on DoD installations.

## B. APPLICABILITY AND SCOPE

This Instruction applies to:

1. The Office of the Secretary of Defense (OSD), the Military Departments, the Joint Chiefs of Staff (JCS), the Joint Staff and the supporting Joint Agencies, the Unified and Specified Commands, the Inspector General of the Department of Defense (IG, DoD), the Uniformed Services University of the Health Sciences (USUHS), the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "DoD Components").

2. All credit unions and military exchange outlets that operate on DoD installations.

## C. DEFINITIONS

Terms used in this Instruction are defined in enclosure 2 of DoD Directive 1000.11 (reference (b)).

## D. RESPONSIBILITIES

1. The Comptroller of the Department of Defense (C, DoD), or designee, the Deputy Comptroller (Management Systems) (DC(MS)), shall:

a. Coordinate the DoD credit union program, consulting on aspects that pertain to the morale and welfare of DoD personnel with the Assistant Secretary of Defense (Force Management and Personnel) (ASD(FM&P)).

b. Maintain liaison, as necessary, with the National Credit Union Administration (NCUA) and equivalent State regulatory agencies.

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c. Coordinate on DoD Component actions that propose a credit union's removal for cause from an installation before final decision and referral to the appropriate regulatory agency.

d. Take final action on requests for exception to this Instruction.

2. The Assistant Secretary of Defense (Production and Logistics) (ASD(P&L)) shall carry out responsibilities outlined in subsection F.2. of reference (b).

3. The Assistant Secretary of Defense (Force Management and Personnel) (ASD(FM&P)) shall carry out responsibilities outlined in subsection F.3. of DoD Directive 1000.11 (reference (b)).

4. The Secretaries of the Military Departments and Directors of Defense Agencies shall:

a. Supervise the use of credit unions on respective DoD installations within the guidance contained herein and in reference (b).

b. Assist respective on-base credit unions in developing and expanding necessary services for DoD personnel, consistent with this Instruction.

c. Encourage DoD personnel to serve on credit union boards and committees on a voluntary basis, without compensation, when neither conflict of duty nor conflict of interest is involved, as stated in DoD Directive 5500.7 (reference (c)). Such personnel may be allowed to attend credit union conferences and meetings in accordance with DoD Directive 1327.5, Civilian Personnel Manual (CPM) Supplement 990-2, and Comptroller General Decision B-212457 (references (d), (e), and (f)).

d. Ensure that the recommendations of the Unified or Specified Command concerned are considered before processing requests for overseas credit union service or related actions emanating from overseas component commands.

e. Refer matters requiring policy decisions or proposed changes to this Instruction or DoD Directive 1000.11 (reference (b)) to the DC(MS).

5. The Commanders of Unified and Specified Commands, or designees, shall:

a. Ensure the appropriate coordination of requests to:

(1) Establish credit union service in countries not presently served. Such requests shall include a statement that the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy and that the host country will permit the operation.

(2) Totally eliminate credit union service in a country. Such requests shall include a statement that the U.S. Chief of Diplomatic Mission has been informed and that appropriate arrangements to coordinate local termination announcements and procedures have been made with the U.S. Embassy.

b. Monitor and coordinate credit union operations within the command area. Personnel assigned to security assistance positions shall not serve in this capacity without the prior approval of the Director, Defense Security Assistance Agency (DSAA).

E. GENERAL OPERATING POLICIES AND PROCEDURES

1. General. Given their role in promoting morale and welfare, credit unions operating on DoD installations shall be recognized and assisted by DoD Components at all levels. These credit unions shall provide services to DoD personnel of all ranks and grades within their respective fields of membership.

2. Limitation on Service

a. Only one credit union shall establish a branch or facility on a DoD installation, and its field of membership normally shall include all assigned DoD personnel. On installations where more than one credit union already exists, each is entitled to the benefits defined in this Instruction.

b. Except as authorized in section G., enclosure 2, commanders of installations served by on-base credit unions shall ensure that installation activities do not disseminate literature from competing credit unions.

3. Establishing Domestic Credit Union Service

a. A demonstrated need for credit union services may be addressed by establishing a new full-service credit union or by opening a branch office or facility of an existing credit union under the common bond principle.

b. Each DoD Component shall develop internal instructions, consistent with the following, that govern the submission and justification of requests to establish credit unions on respective installations:

(1) DoD personnel seeking to establish a new full-service credit union or a branch or facility of an existing credit union shall submit a proposal to the installation commander. Such proposals shall be forwarded through channels to the DoD Component headquarters concerned, together with recommendations for acceptance or rejection.

(2) The DoD Component shall notify credit unions that operate on DoD installations of the need for service; review the specific proposals of interested credit unions; coordinate with its field commands as appropriate; and recommend for approval the designation of a credit union to the appropriate regulatory agency, providing an information copy to the DC(MS). No specific NCUA approval is required for a Federal credit union to open a branch office.

(3) No commitment may be made to a credit union regarding its proposal until the appropriate regulatory agency has announced a selection.

4. Establishing Overseas Credit Union Service

a. When the installation (community) commander determines that credit union services are needed at a location within an existing geographic franchise (see subsection H.2., enclosure 2), and the DoD Component headquarters concurs, the commander shall contact the servicing Defense credit union and request that a branch or facility be established. The basic decision concerning such extensions of service rests with the servicing credit union. If a field of

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membership has not previously been granted by NCUA to encompass a DoD designated geographic franchise, the DoD Component shall canvass federally-chartered Defense credit unions for proposals to service the solicited region.

b. In addition to the requirements stated in paragraph E.3.b., above, installation commanders shall provide the following information in support of requests to their DoD Component headquarters for overseas credit union service:

(1) In countries not presently served, a statement concurred in by the Unified Commander that the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy and that the host country will permit the operation, with any conditions imposed by the host country identified.

(2) The name and location of the nearest credit union branch or facility.

(3) The distance between the installation and the nearest credit union branch or facility and the availability of any official or public transportation.

(4) The number of DoD personnel in duty assignments that confine them to the installation, or who cannot obtain transportation (such as hospital patients).

c. In reviewing proposals received from Federal Defense credit unions under paragraph E.4.a., above, the DoD Component shall give preference to proposals for full-service credit union operations. After coordination with the DC(MS), the DoD Component shall recommend designation of the selected credit union to the NCUA.

d. A proposed amendment to the federally-chartered credit union's charter must be submitted to the NCUA for approval of service to new groups or geographic areas. Recommendations to the NCUA shall include identification of the primary installation from which the proposed branch would operate and the geographical territory in which any additional branches, facilities, or mobile outlets would operate.

e. No commitment may be made to a credit union regarding its proposal until the NCUA announces its selection. The DoD Component then shall notify the DC(MS) of NCUA approval and arrange for operations to begin.

5. Operating Agreements. An operating agreement, conforming to the guidelines set forth herein, shall be executed and maintained between each installation (community) commander and the on-base credit union.

a. Each agreement shall be confined to basic relationships and mutual support activities and may not involve internal operations of the credit union. The installation commander shall agree to provide support as specified in this Instruction. A sample format is contained in DoD 4000.19-R (reference (f)).

b. Each credit union operating on a DoD installation shall agree to:

(1) Comply with this Instruction, DoD Directive 1000.11 (reference (b)), and DoD Component regulations that implement these issuances.

(2) Know the installation commander advised of credit union operations.

(3) Give the installation commander a copy of its monthly financial report and other local credit union publications.

(4) Invite command representatives to attend its annual meetings and other appropriate functions.

(5) Indemnify and hold harmless the U.S. Government from (and against) any loss, expense, claim, or demand to which the Government may be subjected as a result of death, loss, destruction, or damage in conjunction with the use and occupancy of premises of the DoD Component in any way caused by agents or employees of the credit union.

(6) Maintain physical security of cash and negotiable items in a manner consistent with the requirements of the credit union's fidelity insurer. A copy of these requirements shall be provided to the installation commander upon request.

(7) Accommodate, whenever possible, local command requests for lecturers and printed materials for consumer credit education programs. Credit union personnel invited to participate in such programs shall not use the occasion to promote the exclusive services of a particular financial institution.

(8) Provide that neither the DoD Component concerned nor its representatives shall be responsible for the financial operation of a credit union or for any expense, loss (including criminal losses), or claim for damages arising from credit union operations.

(9) Operate in accordance with the guidelines at enclosure 2 and comply with other provisions of this Instruction, with DoD Directive 1000.11 (reference (b)), and with their DoD Component implementing documents.

6. Liaison Officers. To maintain effective lines of communication, each commander of an installation with an on-base credit union shall appoint a credit union liaison officer as defined in enclosure 2 of reference (b).

a. The credit union liaison officer's name and duty telephone number shall be displayed in the lobby of each on-base credit union location.

b. The liaison officer shall maintain regular contact with the credit union manager to confer, help resolve member complaints, and discuss quantitative and qualitative improvements in the services provided. However, neither liaison officers nor their superiors shall become involved in the internal operations of the credit union.

c. No one on the board of directors serving the credit union in another official capacity may serve as the credit union or bank liaison officer.

## 7. Complaints Processing

a. Discrimination. Any installation commander who suspects or receives complaints of discrimination by the on-base credit union shall try to resolve any such problem by negotiation. The installation commander should consider using the credit union's supervisory committee in resolving the complaint. Failing resolution, and in accordance with DoD Component implementing regulations, a written request for investigation shall be forwarded to the appropriate regulatory agency. The request must document the problem and local command efforts toward resolution. Information copies of all related correspondence shall be sent through channels to the DoD Component concerned for transmittal to the DC(MS).

b. Malpractice. The installation commander shall report to the appropriate regulatory agency any evidence suggesting malpractice by credit union personnel, in accordance with DoD Component regulations.

c. Followup. A DoD Component unsatisfied with action taken by the appropriate regulatory agency shall submit a full report with recommendations to the DC(MS). The DC(MS) shall pursue the matter with the appropriate regulatory agency and apprise the respective DoD Component of progress or resolution.

## 8. Logistic Support

### a. Membership Criterion

(1) In accordance with Section 124 of the Federal Credit Union Act (reference (h)), the provision of no-cost office space and other real property is limited to credit unions having a membership at least 95 percent of which is composed of individuals who are, or who were at the time of admission into the credit union, military personnel or Federal employees, retired military personnel in the credit union's field of membership, or members of their families. This percentage criterion applies to the total credit union membership, not just to members who use the on-base office.

(2) Before renewal of each no-cost lease or license, the credit union shall provide a written certification, prepared on credit union letterhead and signed either by its president or general manager, that the credit union continues to meet the 95 percent criterion. A certification also is required whenever there is a merger, takeover, or significant change in a field of membership. This certification shall serve as justification and documentation for the continued allocation of free Government office space and other real property.

### b. Criteria for Use of Space in Government-Owned Buildings

(1) A credit union may be provided space on a DoD installation at one or more locations by no-cost permits or licenses for periods not to exceed 5 years. The cumulative total of space authorized at one or more locations is subject to the limitations contained in MIL-HDBK-1190 (reference (i)).

(2) A credit union that fails to meet the 95 percent criterion shall be charged fair market rent for space provided. No credit union whose field of membership excludes any DoD personnel assigned on the installation shall receive free Government space. This latter limitation is waived in cases when an installation is served by more than one credit union.

(3) All space assigned by the GSA, whether leased or in Federal office buildings, is reimbursable to the GSA at the current GSA rental rates under P.L. 92-313 (reference (j)). Consequently, the GSA shall charge the benefiting DoD Component for any space assigned for credit union operations. Such space is then subject to the provisions of subparagraphs (1) and (2), above.

(4) When a credit union that meets the 95 percent criterion uses its own funds to expand, modify, or renovate Government-owned space, it may be provided a no-cost permit or license for a period not to exceed 25 years. Duration of the permit or license shall be commensurate with the extent of the improvements as determined by the DoD Component concerned. It shall be effective until the agreed date of expiration or until the credit union ceases to satisfy the 95 percent criterion. In this latter case, the no-cost permit shall be cancelled in favor of a lease immediately negotiated at fair market value under the provisions of subparagraph (2), above. If the credit union desires, this lease at fair market value may extend through the period identified in the original license, or 5 years, whichever is greater.

(5) Similarly, a credit union not meeting the 95 percent criterion that uses its own funds to expand, modify, or renovate Government-owned space, may be provided a lease at the fair market value for a period not to exceed 25 years. Duration of this lease shall be commensurate with the extent of the improvements as determined by the DoD Component concerned.

c. Utilities, Base Services, and Equipment

(1) When available, janitorial services, utilities (such as air-conditioning, heat, and light), fixtures, and maintenance shall be furnished at no cost to a credit union occupying free space in a Government building. The credit union shall pay for other services, such as telephone lines, long-distance toll calls, and space alterations. Should a credit union fail to meet the 95 percent membership criterion, any logistic support furnished shall be on a reimbursable basis.

(2) When available from local stock, typewriters, adding machines, other office equipment, and office furniture may be leased to an on-base credit union at nominal cost; i.e., \$1.00 per year, under authority of 10 U.S.C. 2667 (reference (k)).

(3) Central locator service shall be provided under conditions identified in enclosure 3 of DoD Directive 1000.11 (reference (b)) when requested by Defense credit unions. This service shall be provided at no cost, in accordance with DoD Instruction 7230.7 (reference (l)).

(4) DoD Components shall provide debt processing assistance to Defense credit unions, in accordance with DoD Directive 1344.9 (reference (m)), as limited by the Privacy Act Guidelines set forth in enclosure 3 of reference

(b). Unless otherwise prohibited, Defense credit unions seeking restitution for delinquent loans or dishonored checks may request the assistance of local commanders, credit union liaison officers, or other officials.

(5) DoD Components shall prescribe clearance procedures for departing military personnel that provide the on-base credit union with adequate notice of such membership changes. Clearance involves reporting a change of address, reaffirming allotments or notes payable, and arranging for counseling, if appropriate. Clearance shall not be denied to facilitate the collection of debts or the resolution of disputes between the credit union and its departing members. Where administratively feasible, similar clearance procedures shall be used for departing DoD civilian employees.

d. Additional Support in Overseas Areas. In addition to the logistic support identified in subparagraph a. through c., above, the following may be made available to Defense credit unions operating at overseas installations:

(1) Military postal service may be authorized, in accordance with DoD Directive 4525.6 (reference (n)). For full service credit unions, as defined in DoD Directive 1000.11 (reference (b)), use of the free intra-theater delivery system (IDS) is authorized for all routine mail sent and received between Army Post Offices (APOs) and Fleet Post Offices (FPOs) within a theater. To qualify, the credit union must certify to the appropriate postal official that all its full-time overseas offices provide "full service" or equivalence to full service, i.e., the availability of cash through ATMs at non-full service locations.

(2) Access to DoD voice and data telecommunication systems as granted by the Defense Communication Agency on a case-by-case reimbursable basis.

(3) Travel of U.S.-based credit union officials to their overseas offices shall be as set forth in DoD Directive 4000.6 (reference (o)). Invitational travel orders that authorize travel at no expense to the U.S. Government may be issued by the local commander for official onsite visits.

(4) For full service credit unions, as defined in reference (b), logistical support shall include steel bars, grillwork, security doors, a vault or safe (or both), burglar alarm system, other security features normally used by credit unions, construction of teller cages, and other necessary modifications and alternations to existing buildings to facilitate cash operations, subject to the procedures and fiscal limits in DoD Directive 4270.24 (reference (p)).

## 9. Construction of Credit Union Buildings

a. Credit union proposals to finance construction of buildings on domestic DoD installations at their own expense must be processed in accordance with DoD Instruction 7700.18 (reference (q)). In support of each construction proposal, the credit union shall provide written assurance that:

(1) Management understands its potential loss of the building in the event of installation closure or other delimiting condition specified in subparagraph E.10.a.(1), below;



(2) The proposed building shall serve only the needs of the credit union and shall not be used to house other activities.

(3) Management accepts financial responsibility and shall reimburse the U.S. Government for all costs of construction and any maintenance, utilities, and other services furnished. Rates shall be established in accordance with DoD Instruction 7230.7 (reference (1)) and confirmed by a written agreement between the DoD installation and the credit union.

b. Credit unions that finance building construction at their own expense do not have to meet the space criteria contained in MIL-HDBK-1190 (reference (i)).

#### 10. Leases of Government Land

a. Except as provided in subparagraphs E.8.b.(4) and (5), above, land required for approved building construction at credit union expense shall be made available by real estate lease at minimal charge; e.g., \$1.00 per year.

(1) Leases shall include the provision that, in the event of national emergency or any other event cited in paragraph E.12.c., below, and at the option of the Government, structures and other improvements erected thereon shall be conveyed to the Government without reimbursement or removed and the land restored to its original condition.

(2) Once determined, the rental charge under any lease granted at fair market rental is applicable for the term of the lease. However, an extension of any such existing lease may provide for nominal rental, e.g., \$1.00 for the term of the lease extension.

b. When a credit union participates in the construction of a complex, such as an installation shopping mall, it shall be provided a lease at nominal rental covering only underlying land for the specific space to be occupied by the credit union.

c. If determined, in accordance with 10 U.S.C. 2667 (reference (k)), to be in the Government's interest, an existing lease of land may be extended before to expiration of its term. Passage of title to facilities shall be deferred until all extensions have expired. Such extensions shall be for periods not to exceed 5 years. The credit union shall continue to maintain the premises and pay for utilities and services furnished in accordance with DoD Instruction 7230.7 (reference (1)).

d. When, under the terms of a lease or extension, title to improvements passes to the Government, the credit union shall be given first choice to continue occupying those improvements under a facility lease.

(1) The lease shall require the credit union to maintain the premises and pay for utilities and services furnished in accordance with reference (1).

(2) In addition, the lease for a credit union not qualifying under the 95 percent criterion cited in paragraph E.8.a., above, shall require that the credit union pay fair market rental for land underlying the improvements.

## 11. Automated Teller Machine (ATM) Service

a. ATMs may be used to augment service provided by an on-base credit union.

b. An on-base credit union that proposes to augment its service by installing one or more ATMs shall:

(1) Coordinate the ATM proposal through the installation commander under provisions of applicable DoD Component regulations.

(2) Provide a statement that the cost of ATM installation and maintenance shall be borne by the credit union alone or in conjunction with other financial institutions.

(3) Provide for access through debit and credit cards.

c. Before service begins, regulatory agency approval, as necessary, must be obtained, and leases must be negotiated in accordance with this Instruction.

(1) No lease is needed to site an ATM within an existing credit union office.

(2) When a credit union requests up to 100 square feet of additional floor space in an existing structure and the credit union agrees to bear all expenses for modifying the structure, a lease providing for nominal rental, i.e., \$1.00 for the term of the lease, shall be locally negotiated and approved. This lease provision also shall be offered if a credit union requests up to 250 square feet of land to construct, at its expense, a kiosk or other structure to house an ATM. In either case, the charge for any maintenance, utilities, and services shall be consistent with that applied to the on-base credit union office.

(3) Leases pertaining to other situations shall be negotiated in accordance with paragraph E.8.b. and subsection E.10., above.

## 12. Termination of Credit Union Service

a. Termination of Operations by the Credit Union. An on-base credit union planning to terminate its operations should notify the installation commander at least 90 days before the closing date. This notification should precede public announcement of the planned closure. When appropriate, the commander shall attempt to negotiate an agreement permitting the credit union to continue operations until the installation has made other arrangements. Immediately upon notification of a closing, the commander shall advise the DoD Component headquarters concerned. If it is determined that continuation of credit union services is justified, action to establish another credit union shall comply with subsection E.3. or E.4., above.

b. Termination for Cause. Installation commanders should ensure that on-base credit unions are providing services in the best interest of DoD personnel. If, after discussion with credit union officials, the installation


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commander determines that the operating policies of the credit union are inconsistent with this Instruction, a recommendation for termination of logistic support and space arrangements may be made through DoD Component channels. A credit union shall be removed from the installation only with approval by the DoD Component headquarters, after coordination with the DC(MS) and the appropriate regulatory agency.

c. Termination in Interest of National Defense. At the option of the Government, leases may be terminated in the event of national emergency or as a result of installation inactivation, closing, or other disposal action.

F. EFFECTIVE DATE AND IMPLEMENTATION

This Instruction is effective immediately. Forward two copies of implementing documents to the Comptroller of the Department of Defense within 120 days.

  
Sean O'Keefe  
Comptroller of the  
Department of Defense

Enclosures - 2

1. References
2. Operations of Defense Credit Unions

REFERENCES, continued

- (e) Civilian Personnel Manual Supplement 990-2, Book 610, Subchapters 3 and 11
- (f) Decision of the Comptroller General of the United States, B-212457, "Administrative Leave - Federal Employees Providing Advice and Support to Federal Credit Unions," August 23, 1984
- (g) DoD 4000.19-R, "Defense Regional Interservice Support (DRIS) Regulation," March 1984, authorized by DoD Directive 4000.19, October 14, 1980
- (h) Title 12, United States Code, Section 1751 et seq., "Federal Credit Union Act of 1934," as amended
- (i) Military Handbook (MIL-HDBK)-1190 "Facility Planning and Design Guide," September 1, 1987,
- (j) Public Law 92-313, "Public Building Amendments of 1972," June 16, 1972
- (k) Title 10, United States Code, Section 2667
- (l) DoD Instruction 7230.7, "User Charges," January 29, 1985
- (m) DoD Directive 1344.9, "Indebtedness of Military Personnel," May 7, 1979
- (n) DoD Directive 4525.6, "Single Manager for Military Postal Service," May 5, 1980
- (o) DoD Directive 4000.6, "Policy on Logistical Support of United States Nongovernmental, Nonmilitary Agencies and Individuals in Overseas Military Commands," January 23, 1976
- (p) DoD Directive 4270.24, "Unspecified Minor Construction, Emergency Construction, and Restoration or Replacement of Damaged or Destroyed Facilities," March 21, 1983
- (q) DoD Instruction 7700.18, "Nonappropriated- and Privately-Funded Construction Projects - Review and Reporting Procedures," May 12, 1983
- (r) DoD Directive 1440.1, "The DoD Civilian Equal Employment Opportunity (EEO) Program," May 21, 1987
- (s) DoD Directive 7330.1, "Voluntary Military Pay Allotments," January 14, 1986
- (t) DoD Directive 1418.4, "Civilian Pay Allotments," March 16, 1979
- (u) DoD Directive 1344.7, "Personal Commercial Solicitation on DoD Installations," February 13, 1986
- (v) DoD Instruction 5120.4, "DoD Newspapers and Civilian Enterprise Publications," November 14, 1984
- (w) DoD Directive 5120.43, "Department of Defense Periodicals," April 8, 1977
- (x) DoD Directive 5120.20, "American Forces Radio and Television Service," December 23, 1980
- (y) DoD Directive 7360.11, "Use of Foreign Currencies," September 8, 1981
- (z) DoD Directive 7360.5, "Policies Governing Use and Disposition of Currency and Coins Under Emergency Conditions," April 28, 1987

OPERATIONS OF DEFENSE CREDIT UNIONS

A. STAFFING

1. Full services shall be provided by on-base credit unions that are staffed by:

- a. A loan officer authorized to act for the credit committee;
- b. An individual authorized to sign checks; and
- c. A qualified financial counselor available to serve members during operating hours.

2. Exceptions to subsection A.1., above, may be approved by the DoD Component concerned in the case of newly organized credit unions.

3. When an on-base credit union can support only minimum staffing, one of the other positions required in subsection A.1., above, may be subsumed under the counselor duties.

4. Remote service locations at the same installation may be staffed with one person alone, provided that a direct courier or message service links them to the credit union's on-base main office.

5. All staffing shall fully comply with the spirit and intent of DoD equal employment opportunity policies and programs, in accordance with DoD Directive 1440.1 (reference (r)).

6. Neither active duty military personnel nor DoD civilian employees may be detailed to duty or employment with an on-base credit union. However, off-duty DoD personnel may be employed by a credit union if approved by the installation commander following a determination that such employment will not interfere with the full performance of the individual's official duties.

B. COUNSELING

Members of Defense credit unions shall have access to free counseling service. Members (particularly youthful or inexperienced personnel and young married families) shall receive help in budgeting and solving financial problems. Military members in junior enlisted grades who apply for loans shall receive special attention.

C. LENDING

1. In accordance with accepted credit union practice, lending policies are expected to be as liberal as possible while remaining consistent with the best interests of the overall credit union membership. Credit unions must strive to provide the best possible service to all members.

2. Defense credit unions evidencing a policy of discrimination in their loan services, as defined in DoD Directive 1000.11 (reference (b)), are in violation of this Instruction. In resolving complaints of discrimination, the installation commander shall follow procedures specified in paragraph E.7.a. of this Instruction.

3. Defense credit unions shall conform to the Standards of Fairness principles set forth in DoD Directive 1344.9 (reference (m)) before executing loan or credit agreements. Should an on-base credit union branch refer a prospective borrower to an off-base office of the same credit union, it shall advise the latter office that the Department of Defense requires compliance with the Standards of Fairness.

#### D. HOURS OF OPERATION

On-base credit unions may conduct operations during normal duty hours provided they do not disrupt the performance of official duties. Credit unions should set operating hours that meet the needs of all concerned. ATMs may be used to provide expanded service and operating hours.

#### E. SHARE INSURANCE

Credit unions serving on DoD installations must maintain adequate share insurance. Any share insurance that is at least equal to that required by the NCUA for Federal credit unions may be obtained through the NCUA, a State-sponsored insurance program, or a private insurance plan to satisfy this requirement. A credit union not maintaining share insurance shall be suspended from on-base operations.

#### F. ALLOTMENTS OF PAY

DoD personnel may use their allotment of pay privileges as authorized by DoD Directives 7330.1 and 1418.4 (references (s) and (t)) to establish sound credit and savings practices through Defense credit unions.

1. The credit union shall credit member accounts not later than the value date of the allotment check or electronic funds transfer.

2. Under no circumstances shall the initiation of an allotment of pay become a prerequisite for loan approval or disbursement to the credit union member. Allotments voluntarily consigned to a credit union shall continue at the option of the member.

#### G. ADVERTISING

1. Advertising of on-base credit union services shall be in accordance with policies set forth in DoD Directive 1344.7 (reference (u)).

2. Advertising in official Armed Forces newspapers and periodicals (DoD Instruction 5120.4 and DoD Directive 5120.43) (references (v) and (w)) is prohibited, with the exception of inserts in the "Stars and Stripes" overseas.

3. DoD Instruction 5120.20 (reference (x)) prevents use of the Armed Forces Radio and Television Service to promote a specific credit union.

4. An on-base credit union may use the unofficial section of that installation's daily bulletins, provided space is available, to inform DoD personnel of financial services and announce membership meetings, seminars, consumer information programs, and other matters of broad general interest. Announcement

of free financial counseling services is encouraged. Such media may not be used for competitive or comparative advertising of, for example, specific interest rates on savings or loans.

5. An on-base Defense credit union may use that installation's information bulletin boards for announcements of membership meetings and promotional materials generally complementing the installation's financial counseling and thrift promotion programs. An on-base credit union may, with moderation, use that installation's message center services to distribute announcements for display on informational bulletin boards, provided this does not overburden the distribution system.

6. Installations, to include military exchange outlets or concessionaires, shall not permit the promotion of competing credit union relationships or the distribution of competitive literature from other credit unions at locations served by on-base credit unions. This does not prevent:

a. A credit union from using mail, telecommunications, or commercial advertising to serve its field of membership in another credit union's area, or

b. Exchange Services from distributing literature on affinity credit cards centrally acquired through competitive solicitation.

#### H. OVERSEAS OPERATIONS

1. An overseas credit union branch or facility shall be limited to on-base operations. It shall confine its field of membership to individuals or organizations eligible by law or regulation to receive services and benefits from the installation, not prevented from receiving these services by inter-governmental agreement or host-country law.

2. Credit unions shall serve overseas only within a DoD-designated geographic franchise. However, any credit union may continue to serve its members stationed overseas by mail or telecommunications.

3. Any proposal for a new service must be coordinated with the appropriate Unified Commander and U.S. Chief of Diplomatic Mission or U.S. Embassy to ensure that it does not conflict with status of forces agreements or host-country law.

#### 4. Cash Operations.

a. Credit unions that operate full service branches, as defined in DoD Directive 1000.11 (reference (b)), shall have U.S. currency and coin available for member transactions. In areas served by currency custody accounts, transactional U.S. currency and coins shall be made available from the servicing Military Banking Facility (MBF) with no direct or analysis charge to the credit union, provided settlement is made via a local MBF account or equivalent arrangements are made with the MBF.

b. Credit unions may purchase foreign currency from the servicing MBF at the bulk rate when used for internal vendor or payroll payments. The rate of exchange for sales to individuals must be no more favorable than that available from the MBF, in accordance with DoD Directive 7360.11 (reference (y)).

c. Overseas credit unions operating in military payment certificate areas shall comply with DoD Directive 7360.5 (reference (z)) and any DoD Component regulations implementing that issuance.

5. The operations of all federally-chartered Defense credit unions are subject to regulation by NCUA. Thus, NCUA Rules and Regulations, procedural forms, reports, and manuals directly apply to all Defense credit union branches and facilities operating overseas.

6. NCUA Rules and Regulations prohibit Federal credit unions from granting long-term (in excess of 15 years) first mortgage loans on any type of residence in any country outside the United States, its territories and possessions, or the Commonwealth of Puerto Rico.

7. Funds shall be deposited and invested in accordance with the authority applicable to federal credit unions. Overseas Defense credit union branches and facilities shall deposit funds in accordance with instructions issued by the NCUA, giving full consideration to using the servicing MBFs.

8. Operation of overseas Defense credit union branches and facilities shall be reviewed by the NCUA during examination of the parent credit union or as the NCUA determines necessary.

#### I. NOTIFICATION OF CREDIT UNIONS

Each DoD Component shall ensure that every credit union with an office at its installations receives a copy of the document that implements this Instruction and DoD Directive 1000.11 (reference (b)).